

MULTIMEDIA



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STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018/2019

**BAE1034 – ENGLISH FOR BUSINESS STUDIES**

(All Sections)

31 MAY 2019

9.00 a.m. – 11.00 a.m.

(2 Hours)

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**INSTRUCTIONS TO STUDENT**

1. This question paper consists of **FIVE** printed pages with **TWO** sections.
2. Answer **ALL** sections.
3. Write all your answers in the Answer Booklet provided.

**SECTION A: READING COMPREHENSION [30 MARKS]**

**Instructions:** Read the passage carefully and answer ALL questions that follow.

**What Amazon's Whole Foods Deal Means for The Future of Grocery**

- 1 Amazon.com has changed the way the world shops for almost every non-perishable item you can imagine: beauty products, books, electronics, and apparel. Here is the multi-billion-dollar question for today: can the e-commerce giant disrupt the \$781.5 billion U.S. grocery market? On Friday, Amazon inked a roughly \$13.7 billion deal, including debt, to acquire organic grocery chain Whole Foods Market, a takeover that would be the largest in Amazon's history when completed. "Millions of people love Whole Foods Market because they offer the best natural and organic foods," said Amazon founder and CEO Jeff Bezos in a statement to justify the deal. "They are doing an amazing job, and we want to continue."
- 2 There is not much known about why Amazon is buying Whole Foods' fleet of 461 stores as Bezos and his management team declined to hold a conference call with Wall Street analysts and members of the media. 1. [ ] Amazon currently sits at number 12 on the said ranking with nearly \$136 billion in revenue while Whole Foods ranks at number 76 with \$15.7 billion in sales. Their growth trends, however, could not be more different. Amazon's revenue jumped 27 percent last year and profit soared by nearly 300 percent. At Whole Foods, the top line inched up 2.2 percent while profit dropped 5.4 percent.
- 3 2. [ ] Profit margins are *razor thin* when compared to almost any other retail category, as there is a tonne of competition in local neighbourhoods that results in a lot of price transparency. Whole Foods amassed billions of sales by making organic food mainstream, and this is a trend where larger brick-and-mortar retailers including Kroger, Walmart and Target all successfully replicated. The traditional grocery store industry is also facing lots of competition from newer, non-traditional channels. There are meal-kit delivery services like Blue Apron and HelloFresh. In addition, 52 million Americans are currently grocery shopping online and millions more want to try it.
- 4 "Food has been insulated from the e-commerce revolution over the last 20 years, but the reality is consumers are going online; they are expecting mobile, and they want the ultimate convenience," said Michael Wystrach, co-founder and CEO of meal delivery service Freshly, in an interview with Fortune. The evolution of the grocery store business is going to evolve dramatically over the next five years. 3. [ ] Already, grocery stocks on Wall Street were pressured when Kroger reported soft quarterly sales on Thursday. Losses extended into Friday on the big merger news, as many view Amazon as a major threat to grocery now that it has hundreds of distribution points, and there are the physical Whole Foods stores to use as they wish. 4. [ ]
- 5 "Amazon is a formidable challenge. Supermarkets will now have to contend with not only competition with each other and non-traditional grocers like Walmart and Target, but with a retailer like Amazon which has the financial capacity to price aggressively, and the smaller regional

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- supermarket chains and independents will bear the most pain,” wrote Moody’s Vice President Mickey Chadha in an e-mail. “We expect this transaction to further accelerate the consolidation within the supermarket space.” 45
- 6 When Blue Apron filed to go public earlier this year, it commissioned a study by research firm Euromonitor to track the migration of grocery store sales to online channels. Euromonitor found that while the total grocery market is \$781.5 billion, online sales last year only represented \$9.7 billion, or about 1.2 percent, of the market. However, Euromonitor estimates that the compound annual growth rate for online grocery sales will be 8.5 percent between 2017 and 2020 compared to the broader industry’s slim 1.3 percent increase. Amazon will presumably use the Whole Foods business to ensure it can compete for those billions of dollars that will be up for grabs. Can Walmart, Kroger, and Target replicate that model successfully? Their e-commerce efforts have so far been sub-par in comparison to Amazon, so it does not look promising. 50 55 60
- 7 Blue Apron in the company’s filing with the Securities and Exchange Commission Conventional wrote that grocery stores currently face many of the same challenges online as they do offline. 5. [ ] That has been the argument many meal-kit delivery executives have made to justify their businesses. They contend that shipping food from warehouses straight to homes is more efficient than shipping to a physical store and then expecting consumers to take a trip to the store, deal with the crowds, wait in line, and buy goods that could be purchased online. Millions of Americans almost exclusively buy their books, electronics, entertainment, and apparel online. What is to stop them from doing the same for grocery items as well? 65 70
- 8 The reality is Americans want every consumer brand they interact with to be digital, and so far Amazon has been the single-biggest success story in this e-commerce evolution. *By buying Whole Foods, the retailer is telling Wall Street it is not yet out of fresh ideas.*

*Adapted from Kell, J. (16 June 2017). What Amazon's Whole Foods Deal Means For The Future of Grocery. Retrieved from: <http://fortune.com/2017/06/16/amazon-buying-whole-foods-future-grocery/>*

### Question I (5 marks)

**Instructions:** Decide which of the sentences (a) – (e) best fits in each of the boxes labelled 1-5 in the passage.

- a. That is why the Amazon-Whole Foods deal is being viewed as so disruptive for the grocery store industry. [ ]
- b. The grocery industry is notoriously difficult to tackle. [ ]
- c. They have high inventory counts, compete in the sale of commodity products, and confront considerable waste. [ ]
- d. However, we do know the deal unites two Fortune 500 companies. [ ]

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- e. Online grocery delivery services like Instacart and Google Express almost certainly will be affected by the deal.

**Question II (5 marks)**

**Instructions:** Find a word in the passage for each of the meanings below.

- a. gathered or accumulated a large amount of something, especially money or information, by collecting it over a long period
- b. protected from harmful experiences or influences
- c. to strive or vie in contest or rivalry or against difficulties
- d. formally arranged a special piece of work to be done
- e. below an average, expected level of quality

**Question III (20 marks)**

**Instructions:** Answer the following questions in complete sentences.

- a. What is Amazon's latest initiative in building the future of grocery? (2 marks)
- b. Based on the passage, state FOUR differences between Amazon.com and Whole Foods Market. (4 marks)
- c. Explain the meaning of "razor thin" (line 20) as used in the text. (1 mark)
- d. State the reasons that drive the evolution of grocery store business to evolve dramatically over the next five years. (3 marks)
- e. Why is the merger between Amazon.com and Whole a threat to the grocery industry? (3 marks)
- f. Based on the passage, what is a traditional and non-traditional grocery store? (2 marks)
- g. What was the outcome of the study conducted by Euromonitor to track the immigration of grocery store sales to online channels? (2 marks)
- h. State the justifications given by meal-kit executives in making their business more efficient. (2 marks)
- i. What does the writer mean when he says that, "By buying Whole Foods, the retailer is telling Wall Street it is not yet out of fresh ideas"? (lines 73-74) (1 mark)

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**SECTION B: LANGUAGE FOCUS [20 MARKS]****Question I (10 marks)**

**Instructions:** Construct ONE concise sentence based on each set of sentences in the questions below.

Example: (0) In the month of April, we detected a quality control issue. It was instructed by the CEO that this item be presented by the manager at the next board meeting.  
The CEO instructed the manager to present the quality control issue detected last April, in the next board meeting.

- a. Although there are some risks, Bitcoin is a very interesting and dynamic technology. The use of bitcoin will definitely change how e-commerce will be conducted in the future. (2 marks)
- b. Carol Dinek is a psychologist. She has been studying attitude and performance in her entire career. Her latest study on attitude and performance shows that one's attitude is a better predictor of his success compared to his IQ. (2 marks)
- c. You and I will be working together on the new budget that the general manager has asked us to prepare. We have to submit the budget by the end of the month. We need to get together right away and get started on it. (2 marks)
- d. KPMG global innovation technology survey on disruptive technologies was conducted in 2014. It was found that 3D printing, Internet of Things, and biotech-healthcare IT are among the top five disruptive technologies. They are predicted to change the way we work and live over the next five years. (2 marks)
- e. According to a report that was published in the New Straits Times recently, the decision to freeze approvals for an indefinite period of time for luxury property developments of shopping malls, commercial complexes and condominiums was made by the Cabinet as stated by the Second Finance Minister. This will be effective from May and the reason for doing this is to control the oversupply. (2 marks)

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**Question II (10 marks)**

**Instructions:** For each word below, add a suitable affix or affixes, and construct a sentence in not less than 10 words set in a business context using the newly-formed word.

Example: (0) popular (Add a suffix)

**Word:** popularity

**Sentence:** Online shopping in Malaysia is poised for significant growth, given its rising popularity and adoption among local consumers.

- a. familiar (Add a prefix)
- b. consume (Add a suffix)
- c. compete (Add a suffix)
- d. accurate (Add a prefix)
- e. accept (Add a prefix and a suffix)

**End of Paper**